

# FGIC UK Limited

Quarterly Operating Review

First Quarter 2019





**FGIC UK Limited**  
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**Company Profile**

FGIC UK Limited (the "Company"), a wholly owned United Kingdom insurance subsidiary of Financial Guaranty Insurance Company ("FGIC"), is an insurance company subject to regulation by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). FGIC UK Limited was authorized to write financial guarantee business in the United Kingdom and had passport rights to write business in other European Economic Area member countries. FGIC UK Limited previously issued financial guarantees covering public finance, structured finance and other obligations. FGIC UK Limited is responsible for administering its outstanding guarantees in accordance with the terms and conditions of such guarantees and applicable law. FGIC UK Limited is no longer engaged in the business of writing new financial guarantees.

This Operating Review should be read in conjunction with the 2018 Annual Report and financial statements of FGIC UK Limited filed with Companies House. The report can be accessed at

<http://www.fgic.com/investorrelations/financialreports/fgicukannualreportfinstatements2018.pdf>

**Company Contact Information**

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## ANNUAL FINANCIAL AND STATISTICAL DATA

(£ in Thousands)

	2018	2017
<b>Summary of Profit and Loss Account:</b>		
Gross premiums written. . . . .	99	4,528
Earned premiums . . . . .	5,613	6,269
Claims incurred. . . . .	(1)	1,414
Net operating expenses (including deferred acquisition costs). . . . .	(2,054)	(2,003)
Other technical income. . . . .	132	12
Net investment income. . . . .	2,083	1,893
Gains (losses) on investments. . . . .	(1,799)	(825)
Other income and charges . . . . .	767	4
Profit on ordinary activities before tax . . . . .	4,741	6,764
Taxation on profit on ordinary activities . . . . .	(901)	(1,302)
Retained profit for the financial year . . . . .	3,840	5,462
<b>Summary of Balance Sheet:</b>		
Investments . . . . .	76,676	75,888
Cash . . . . .	2,408	1,435
Debtors. . . . .	58,819	62,838
Deferred acquisition costs. . . . .	3,822	4,162
Prepayments and accrued income. . . . .	645	693
Total assets. . . . .	142,370	145,016
<b>Liabilities:</b>		
Called up share capital. . . . .	175	175
Share premium account. . . . .	17,272	17,272
Profit and loss account. . . . .	7,455	3,615
Capital redemption reserve . . . . .	47,855	47,855
Capital and reserves. . . . .	72,757	68,917
Provision for unearned premiums. . . . .	68,174	73,688
Other liabilities. . . . .	1,439	2,411
Total liabilities and equity. . . . .	142,370	145,016

Certain prior year amounts have been reclassified to conform to the 2018 presentation.



SELECTED FINANCIAL INFORMATION  
(£ in Thousands)

31 March  
2019

**Profit and Loss Account:**

Gross premiums written. . . . .	(14)
Change in the gross provision for unearned premiums . . . . .	870
Earned premiums . . . . .	856
Claims and claims related expense incurred. . . . .	-
Other technical income. . . . .	-
Net operating expenses. . . . .	(290)
Deferred acquisition costs. . . . .	(49)
<b>Balance on the technical account - general business. . . . .</b>	<b>517</b>
Net investment income. . . . .	521
Realised gains/(losses) on investments. . . . .	(46)
Unrealised gains/(losses) on investments. . . . .	978
Other income and charges . . . . .	(88)
<b>Profit on ordinary activities before tax. . . . .</b>	<b>1,882</b>
Taxation on profit on ordinary activities . . . . .	(358)
<b>Retained profit for the financial period . . . . .</b>	<b>1,524</b>

**Balance Sheet:**

**Assets:**

Investments . . . . .	78,001
Debtors. . . . .	58,022
Other debtors. . . . .	-
Cash at bank and in hand. . . . .	1,734
Deferred acquisition costs. . . . .	3,773
Other prepayments and accrued income. . . . .	789
<b>Total assets. . . . .</b>	<b>142,319</b>

**Liabilities and Equity:**

Called up share capital. . . . .	175
Share premium account. . . . .	17,272
Profit and loss account. . . . .	8,979
Capital redemption reserve . . . . .	47,855
<b>Total capital and reserves. . . . .</b>	<b>74,281</b>
Provision for unearned premiums. . . . .	67,304
Other creditors . . . . .	502
Accruals and deferred income. . . . .	232
<b>Total liabilities and equity. . . . .</b>	<b>142,319</b>



**FUTURE PREMIUMS TO BE COLLECTED**  
(£ in Thousands)

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<b>Nine months ended:</b>	
31 December 2019 .....	2,247
<b>Twelve months ended:</b>	
31 December 2020 .....	2,780
31 December 2021 .....	2,761
31 December 2022 .....	2,683
31 December 2023 .....	2,526
<b>Five years ended:</b>	
31 December 2028. ....	12,090
31 December 2033. ....	10,678
31 December 2038. ....	8,704
31 December 2043 .....	5,320
31 December 2048. ....	4,730



**INVESTMENT PORTFOLIO**  
(£ in Thousands)

<b>Investments <sup>(1)</sup></b>	<b>31 March 2019</b>	<b>31 December 2018</b>
Shares and other variable yield securities .....	300	559
Debt securities and other fixed income securities .....	76,138	73,537
Short-term money market funds .....	1,563	2,580
<b>Total .....</b>	<b>78,001</b>	<b>76,676</b>

<sup>(1)</sup> Investment values reflect market/current value. With the exception of the short-term money market funds, all amounts included above are in respect of listed investments.

<b>Rating <sup>(1)</sup></b>	<b>31 March 2019</b>	<b>31 December 2018</b>
AAA .....	19.0%	18.5%
AA .....	53.4%	55.7%
A .....	12.3%	11.4%
BBB .....	15.3%	14.4%
	<b>100.0%</b>	<b>100.0%</b>

<sup>(1)</sup> Ratings represent the lower of S&P, Moody's and Fitch.



**PROVISION FOR OUTSTANDING CLAIMS**  
(£ in Thousands)

	<b>31 March 2019</b>	<b>31 December 2018</b>
Provision For Outstanding Claims, Net Balance At Beginning Of Period. . . . .	-	-
Incurred Related To		
Current Period Claims. . . . .	-	-
Current Period Claims Related Expenses . . . . .	-	-
Prior Periods Claims. . . . .	-	-
Prior Periods Claims Related Expenses. . . . .	-	1
Total Incurred. . . . .	-	1
(Paid) Recoveries Related To		
Current Period Claims. . . . .	-	-
Current Period Claims Related Expenses . . . . .	-	-
Prior Periods Claims. . . . .	-	-
Prior Periods Claims Related Expenses. . . . .	-	(1)
Total Paid . . . . .	-	(1)
Provision For Outstanding Claims, Net Balance At End Of Period. . . . .	-	-





## GUARANTEED PORTFOLIO BY BOND TYPE

Par Outstanding  
31 March 2019

	£ in millions	% of Total
<b>Guaranteed Portfolio by Bond Type: <sup>(1)</sup></b>		
Infrastructure		
Utility. ....	1,132.3	50.0%
Project Finance. ....	1,039.0	46.0%
Transportation. ....	87.6	4.0%
<b>Total</b> .....	<b>2,258.9</b>	<b>100.0%</b>

<sup>(1)</sup> GBP equivalent using 31 March 2019 exchange rates.



**GUARANTEED EXPOSURES <sup>(1)</sup>**  
(£ in Millions)

Revenue Stream Name	31 March 2019		
	AADS <sup>(2)</sup>	Par Outstanding	
	Amount	Amount	% of Total <sup>(3)</sup>
Northern Gas Networks plc. . . . .	89.4	505.0	22.4%
Consort Healthcare (Birmingham) Limited. . . . .	22.2	392.8	17.4%
Peterborough (Progress Health) plc. . . . .	27.7	346.0	15.3%
Consort Healthcare (Mid Yorkshire) Funding plc. . . . .	11.5	190.1	8.4%
Thames Water Utilities Limited. . . . .	13.6	142.7	6.3%
Severn Trent Water Limited. . . . .	17.2	136.1	6.0%
BBI (DBCT) Finance Pty Ltd. . . . .	41.3	110.2	4.9%
Yorkshire Water Services Plc. . . . .	9.7	104.5	4.6%
Autoroutes du Sud de la France (ASF). . . . .	45.3	87.6	3.9%
United Utilities Water Company plc. . . . .	8.4	83.2	3.7%
National Grid Company plc 05. . . . .	8.9	73.1	3.2%
Anglian Water Company Plc. . . . .	8.4	67.3	3.0%
Western Power Distribution (South West) Plc. . . . .	3.2	17.0	0.8%
London Pwr Network (EDF Energy Networks (LPN) PLC). . . . .	0.6	3.4	0.2%
<b>Total. . . . .</b>	<b>307.4</b>	<b>2,258.9</b>	<b>100.0%</b>

<sup>(1)</sup> The Company's exposure reflects the impact of transactions closed prior to 31 March 2019; however it does not reflect the potential impact, if any, of ongoing commutation, settlement and restructuring efforts by the Company subsequent to 31 March 2019.

<sup>(2)</sup> Represents the average annual debt service for which FGIC UK Limited would be responsible in the event of a default.

<sup>(3)</sup> Represents percentage of total par outstanding.



**DEBT SERVICE AMORTIZATION <sup>(1)</sup>**  
(£ in Millions)

	<b>31 March 2019</b>	
	<b>Scheduled Debt Service Amortization</b>	<b>Ending Debt Service Outstanding</b>
2019.....	91.4	4,900.0
2020.....	96.8	4,803.2
2021.....	100.4	4,702.8
2022.....	228.2	4,474.5
2023.....	91.3	4,383.2
2019-2023.....	608.2	4,383.2
2024-2028.....	700.2	3,683.0
2029-2033.....	399.2	3,283.7
2034-2038.....	854.5	2,429.2
2039-2043.....	570.3	1,859.0
2044-2048.....	157.8	1,701.1
2049-2053.....	463.1	1,238.1
2054-2057.....	1,238.1	-
Total.....	<b>4,991.4</b>	

<sup>(1)</sup> Depicts expected amortization of the total guaranteed portfolio (principal and interest), assuming no refundings or calls through the contractual maturity date as of 31 March 2019.